

## Message Text

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PAGE 01 SAN JO 02787 171423Z  
ACTION OPIC-06

INFO OCT-01 ARA-14 ISO-00 EB-07 COME-00 ITC-01 /029 W  
-----180028Z 114132 /12

R 161956Z JUN 77  
FM AMEMBASSY SAN JOSE  
TO SECSTATE WASHDC 7799

UNCLAS SAN JOSE 2787

FOR OPIC

E.O. 11652: N/A  
TAGS: EFIN, CS  
SUBJECT: BRAKE FLUID MANUFACTURING

REF: STATE 110105

1. STATISTICS ON COSTA RICAN IMPORTATION OF BRAKE FLUID (IN CANS OR BOTTLES) ARE AS FOLLOWS:

YEAR AMT. (KILOS) VALUE (DOLLARS)

1974	68,723	84,138
1975	65,870	110,551
1976(6MON)	25,224	44,203

2. PERMATEX COMPANY DE CENTROAMERICA, S.A. PRODUCES BRAKE FLUID LOCALLY FROM IMPORTED MATERIALS, THE FIRM CLAIMS TO BE PRODUCING APPROXIMATELY ONE THOUSAND CASES, (EACH CASE CONTAINING 24 TWELVE OUNCE CAFS) PER WEEK, PLUS SOME GALLON CONTAINERS FOR SALE TO GARAGES AND VEHICLE REPAIR SHOPS. ACCORDING TO THE MANAGER, HIS BEST MARKET IS COSTA RICA, BUT PERMATEX ALSO EXPORTS BRAKE FLUID IN SUBSTANTIAL QUANTITIES TO THE OTHER CACM COUNTRIES. WE UNDERSTAND FROM TRADE CIRCLES THAT THERE ARE SALVADOREAN INTEREST IN PERMATEX.

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3. THE DUTIES AND TAXES LEVIED ON IMPORTED BRAKE FLUID IN COSTA RICA ARE:

- A) 20 U.S. CENTS PER CONTAINER AND 25 PERCENT AD VALORE
- B) 30 PERCENT OF THE TOTAL OF THE ABOVE DUTIES (SECOND PROTOCOL OF SAN SALVADOR)

C) 11 PER CENT SELECTIVE CONSUMER TAX, LEVIED ON THE TOTAL OF CIF PRICE AND A AND B ABOVE.

D) 10 PER CENT SURCHARGE LEVIED ON CIF PRICE.

E) 8 PER CENT RETAIL SALES TAX.

BRAKE FLUID PRODUCED IN COSTA RICA, OR ANOTHER CACM COUNTY WOULD PAY ONLY TAXES DESCRIBED IN C) AND E).

4. IT IS DIFFICULT TO ASSESS THE ADVISABILITY OF ESTABLISHING A BUSINESS TO MANUFACTURE BRAKE FLUID LOCALLY WITHOUT KNOWING WHETHER OR NOT THE SIZE OF THE MARKET WOULD BE SUFFICIENT TO SUPPORT ANOTHER PLANT OF ECONOMICALLY VIABLE SIZE.  
ANOTHER FACTOR TO CONSIDER WOULD BE THE COMPETITION PRESENTED BY IMPORTED BRAND NAME BRAKE FLUIDS WHICH ARE WELL ESTABLISHED IN THE LOCAL MARKET, UNLESS THE POTENTIAL INVESTORS ARE CONSIDERING THE LOCAL MANUFACTURE OF A WELL-KNOWN BRAND NAME UNDER LICENSE.

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**TAGS:** EFIN, EIND, CS  
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**Review Markings:**  
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